



Development for the Next Generation (WDR 2007)
Challenges in the South Asia Region (SAR)

Employment Avenues for the Youth Some Evidence and Some Options

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Employment Avenues for the Youth Some Evidence and Some Options

- India's demographic dividend – an opportunity
- Employment avenues for the youth – Why bother?
- Attributes of youth – education, skill
- Attributes of employment – occupation, industry
- Youth labor supply and demand – gaps and options
- Issue 1: Higher quality jobs vs. higher quantity jobs
- Issue 2: Employability – Managing employability



Employment Avenues for the Youth: Demographic Dividend

Proportion of youth to peak about 2010

Number of youth added peak later beyond 2015

Number of Youth: Demographic Dividend					
Country	INDIA				
Year	1991	1999-2000	2001	2010	2015
Population					
Total (million)	846	921	1029	1162	1246
Youth (%)					
15-24 yrs	18	18	18	20	18
15-29 yrs	27	26	27	29	28
15-34 yrs	34	34	34	<u>37</u>	36
Youth (15-34) million	285	309	347	429	<u>446</u>
Sources:					
1991, 2001: Census of India, Registrar General of India					
1999-2000: NSS Quinquennial rounds on employment Report 455, NSSO, CSO, MOSPI					
2010, 2015: Population Projections for India and States 1996-2016, Registrar General of India					



Employment Avenues for the Youth: Why bother?

Youth Employment (UPSS*)			
Country	<u>INDIA</u>		
Year	1999-2000	1999-2000	1999-2000
Employment	(% total employed)	(million)	Employment rate
Total	100	365	98
Youth			
15-24 yrs	21	76	93
15-29 yrs	34	126	95
15-34 yrs	47	173	96
Unemployment	(% total unemployed)	(million)	Unemployment rate
Total	100	8.1	2.2
Youth			
15-24 yrs	<u>66</u>	5.3	6.6
15-29 yrs	<u>88</u>	7.1	5.4
15-34 yrs	<u>94</u>	7.6	4.2
Labor Force	(% total labor force)	(million)	LF Participation rate
Total	100	373	41
Youth			
15-24 yrs	22	81	48
15-29 yrs	36	133	55
15-34 yrs	48	181	59
* UPSS - Usual principal and subsidiary status			
Source: NSS Quinquennial rounds on employment Report 455, NSSO			



Employment Avenues for the Youth: Why bother?

Facts

- Youth unemployment rate is two times that for India
- Share of the youth in total unemployed is 94%

Problems

- Idle resources
- Deviant behavior

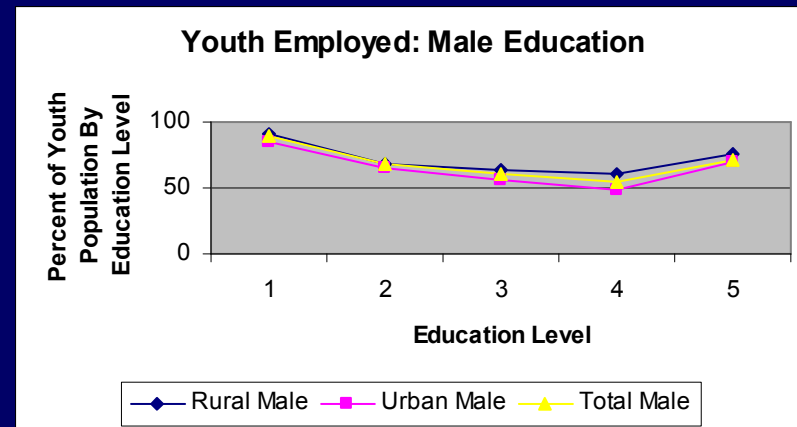
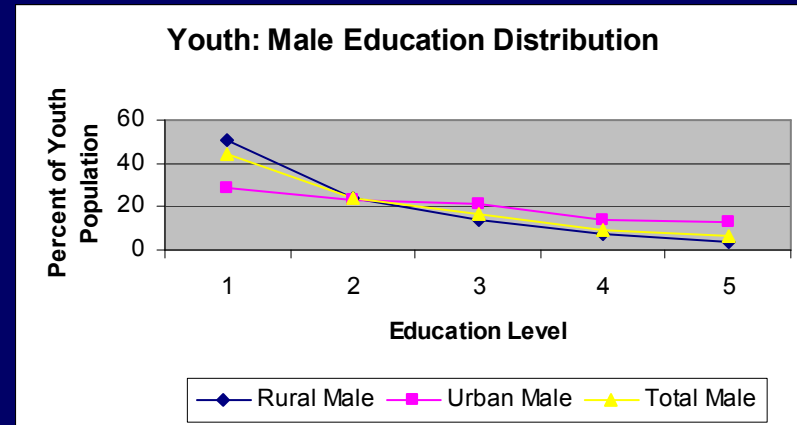


Employment Avenues for the Youth: Education Attributes 1999-2000

Education levels are low

Employment proportion rises at college level

50% in each education level employed



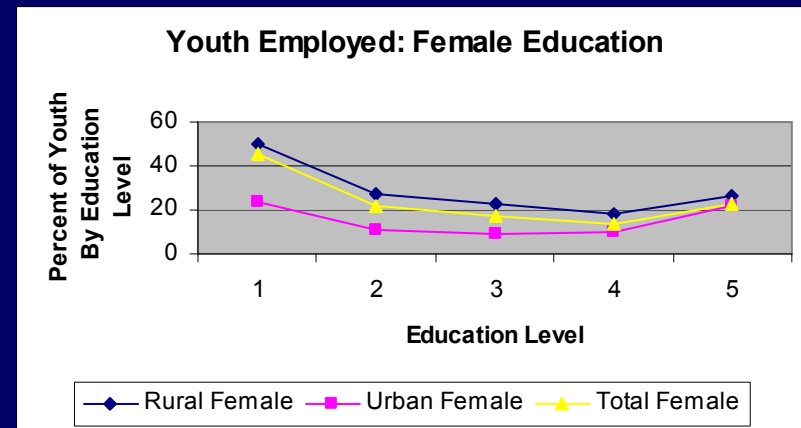
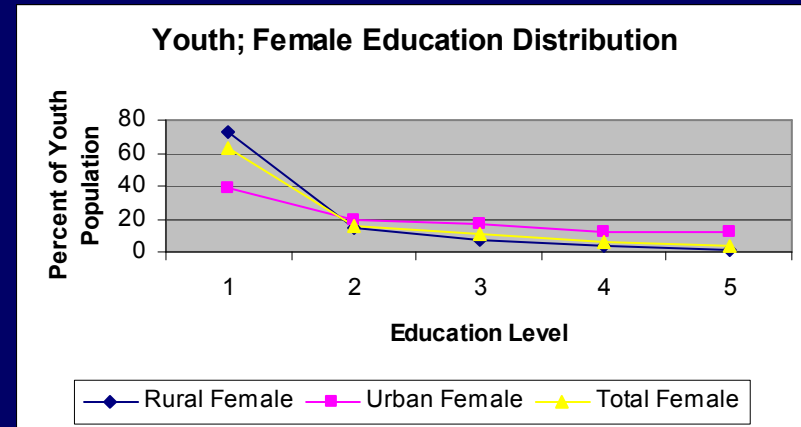


Employment Avenues for the Youth: Education Attributes 1999-2000

Education levels are low,
lower than for males

Employment proportion
rises at college level

Less than 50% employed at
all but primary education



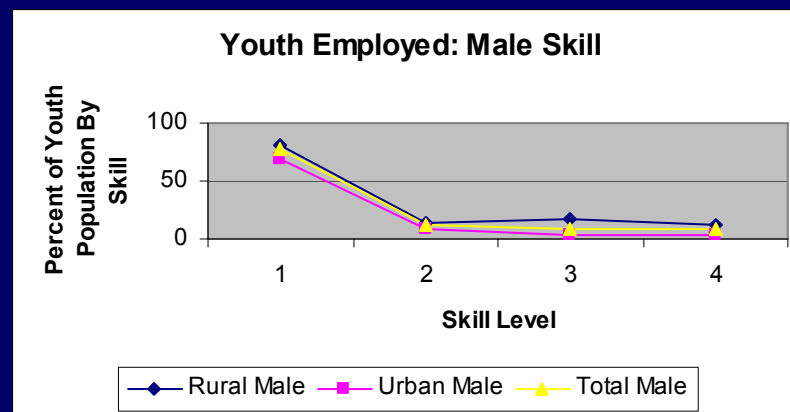
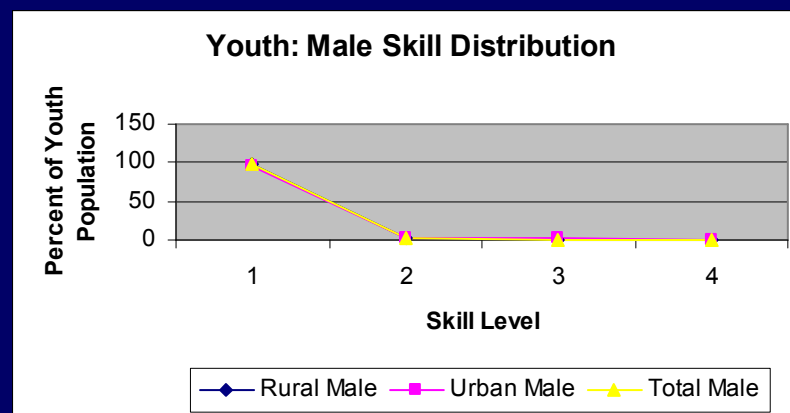


Employment Avenues for the Youth: Skill Attributes 1999-2000

Over 95% males - no skill

Employment proportion shows some rise for higher skill (office/data skills, other skills)

Rise – more for rural males



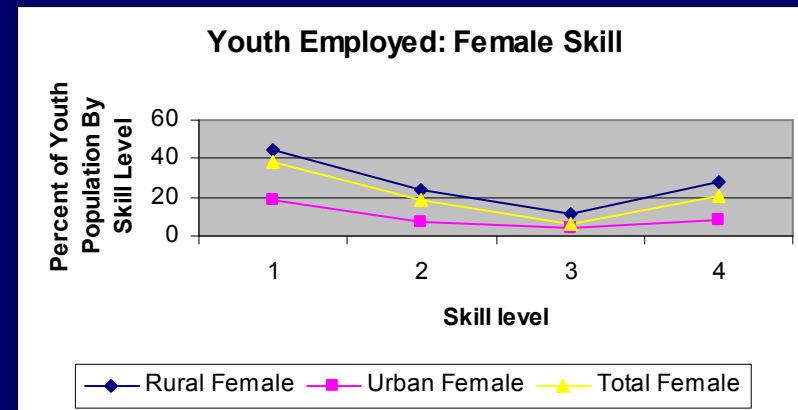
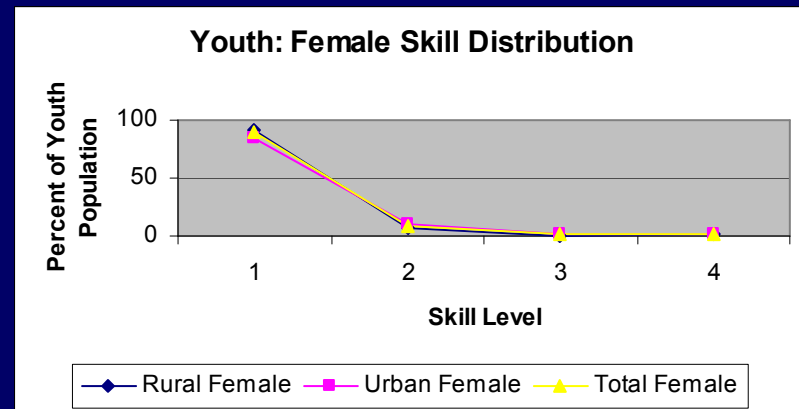


Employment Avenues for the Youth: Skill Attributes 1999-2000

About 90% females – no skill
Traditional skills proportion
higher than for males

Employment proportion rises
for higher skill (other, than
traditional, office/data)

Again, rise more for rural
females



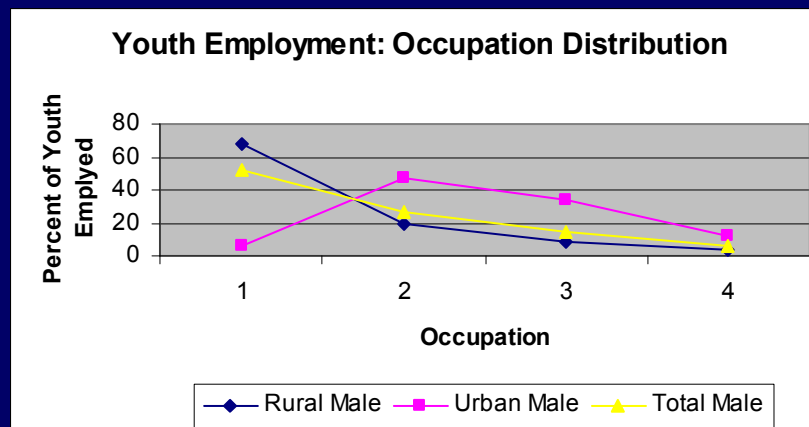
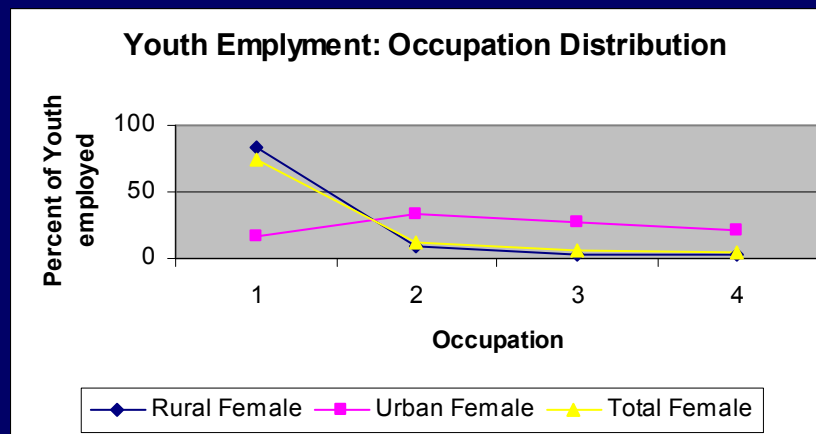


Employment Avenues for the Youth: Occupation

Rural areas dominated by farm & allied occupations

Urban areas – more higher end occupations

- no increasing trend (unlike higher education, higher skill)



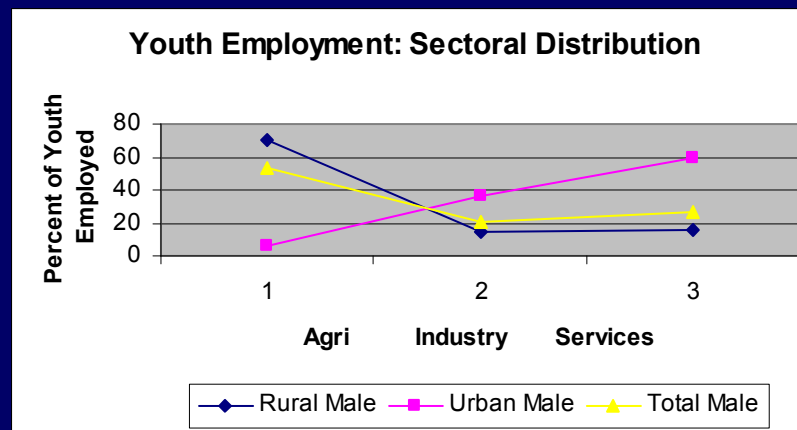
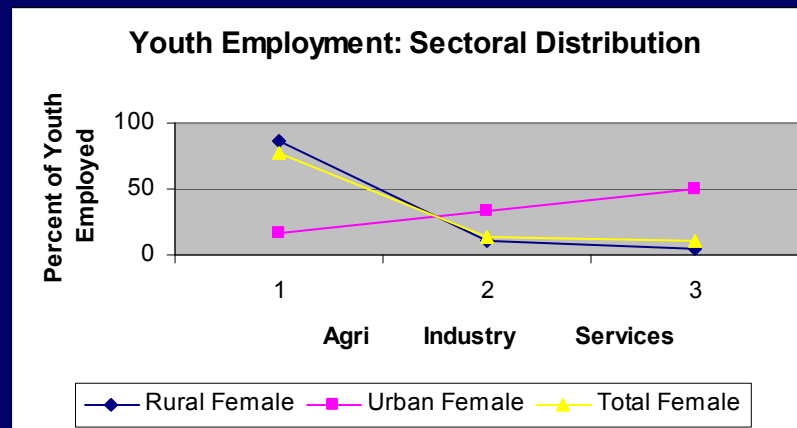


Employment Avenues for the Youth: Sectoral Distribution

Rural areas – agriculture dominates

Labor absorption from agriculture to other sectors remains an issue

Urban areas – more in industry and services





Employment Avenues for the Youth Selected Sub-sectors

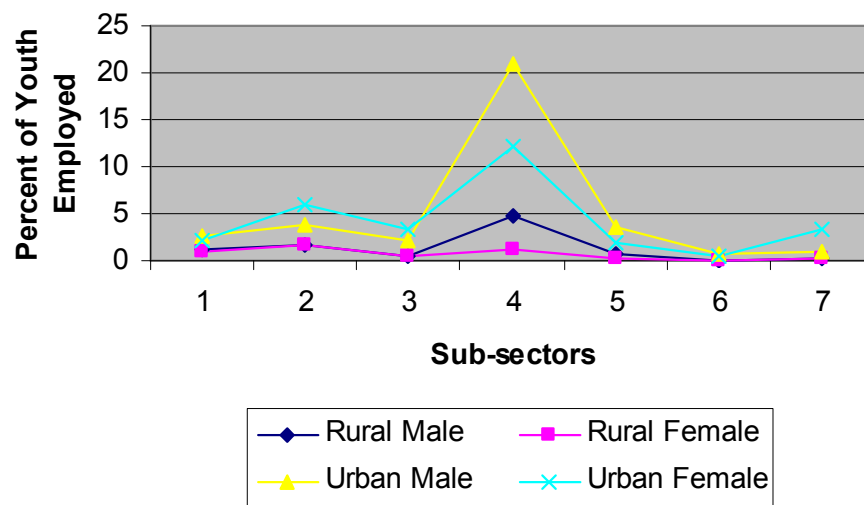
Urban areas – key employers

- Retail (#4)
- Textiles (#2), Apparel (#3)
- Food processing (#1)
- Health (#7)

Rural areas – key employers

- Retail (#4)
- Textiles (#2)
- Food Processing (#1)

Youth Employment: Selected Sub-sectors





Employment Avenues for the Youth: Gaps and Options

Labor demand – youth – 1999-2000 NSS data

- College education
- Office/data skills
- Vocational occupations
- Retail, textiles key sectors

Labor supply – youth – 1999-2000 NSS data

- Low education
- Low skill



Employability

- Demand-supply gap exists; universal education, basic training must
- Avenues for skill upgrading, re-training, re-placement for all
 - Training market-oriented; incentives' based schemes
 - Use internet for dissemination

Managing employability

- Female worker support – e.g., crèche services
- All youth workers support – coaching and counseling



Employment Avenues for the Youth: Quantity vs. Quality Issue

Lodovico et.al. (2001), Mckinsey

- Modern sectors – key driver for both GDP and employment growth
- Transitional sectors – absorb workers from agriculture

Berman et. al.(2005), WPS3761, World Bank – ASI data, 1984-1998

- Proportion of non-manual workers higher or skill upgrading in 1990s
- Output a predictor for skill upgrading
- Possible reasons – SBTC; layoff restrictions imply growing firms can adjust skill mix, stable employment firms may not

Singh (2005), University of Maryland – ASI Data, 1973-1997

Average employment declines -

- About 28% post-1976 layoff restrictions
- Another 15% post-1982 expanded coverage of layoff restrictions



Employment Avenues for the Youth: Quantity vs. Quality Issue

Quality (high productivity, high pay) with quantity feasible if barriers removed

Given migration from agriculture and/or barriers, the transitional and informal sector workers require support

- Social security scheme, unemployment and medical insurance
- Improved working conditions

Realizing the demographic dividend possible but bolder steps required